

## Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 L-03 H-02 NSC-05

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DOT-00 /113 W

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TO SECSTATE WASHDC 304

INFO ALL EC CAPITALS 1541

AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY AMMAN

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY RABAT

AMEMBASSY TUNIS

AMEMBASSY TEL AVIV

USMISSION NATO

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TAGS: PFOR, EEC, EX

SUBJECT: EURO-ARAB DIALOGUE

REFS (A) 75 EC BRUSSELS 10662, (B) 75 EC BRUSSELS 11050,

(C) 75 ABU DHABI 2411, (D) 75 ABU DHABI 2448,

(E) 75 ROME 18499

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1. SUMMARY: AT THE NOVEMBER 22-27 MEETING OF THE EURO-ARAB

DIALOGUE THE SUBGROUPS ON INDUSTRY, FINANCE, TRADE, INFRA-STRUCTURE, AGRICULTURE, SCIENCE AND TECHNOLOGY, AND CULTURAL, SOCIAL AND LABOR AFFAIRS DISCUSSED COOPERATIVE ARRANGEMENTS IN THEIR VARIOUS FIELDS. THERE WAS LITTLE OF SUBSTANCE DEFINITELY AGREED ON BUT WORK IN ALL AREAS IS CONTINUING. END SUMMARY.

2. THE MISSION HAS OBTAINED A COPY OF THE SUMMARY REPORTS TO THE EC COMMISSIONERS PREPARED BY THE EC COMMISSION REPRESENTATIVES AT THE ABU DHABI MEETING OF THE EURO-ARAB DIALOGUE NOVEMBER 22-27. FOR THE BENEFIT OF THE ADDRESSEES FOLLOWING THE DIALOGUE WE HAVE SUMMARIZED THESE REPORTS BELOW.

3. INDUSTRY: THE MAIN ACCOMPLISHMENT OF THE INDUSTRIAL GROUP HAS BEEN THE ESTABLISHMENT OF SPECIALIZED SUB-GROUPS IN SPECIFIC FIELDS. THESE INCLUDE SUB-GROUPS ON OIL REFINING AND THE PETROCHEMICAL INDUSTRY AND THE IRON AND STEEL INDUSTRY BOTH OF WHICH SHOULD MEET SOON TO BEGIN WORK. LATER GROUPS ARE ENVISAGED TO CONSIDER LEGAL QUESTIONS SUCH AS CONTRACTS AND THE APPLICATION OF ARAB LAW ON EUROPEAN ENTERPRISES AND TECHNICAL STANDARDS. ULTIMATELY, IT IS ANTICIPATED THAT THE DIALOGUE WILL CONSIDER NON-FERROUS METALS, RULES FOR INVESTMENTS, TECHNOLOGICAL TRANSFER AND THE EXPORT PROMOTION OF ARAB-PRODUCED PRODUCTS.

4. FINANCE: THE ABU DHABI MEETING REPRESENTED A SIGNIFICANT SHIFT IN ARAB NEGOTIATING TACTICS AND POINTS OF EMPHASIS COMPARED TO THE PREVIOUS MEETINGS IN ROME AND CAIRO. THE MAJOR OPEC COUNTRIES, ESPECIALLY SAUDI ARABIA AND KUWAIT, DID NOT TAKE ACTIVE ROLES IN THE DISCUSSION AT THE ABU DHABI MEETING. THIS TIME A JORDANIAN, DAJANI, WAS THE MAIN SPOKESMAN WHEREAS PREVIOUSLY A SAUDI, DUKHEIL, HAD BEEN THE LEADER. AS A RESULT, THERE WAS A SHIFT IN EMPHASIS AWAY FROM INDEXATION OF COMMODITY PRICES AND THE VALUE OF FINANCIAL ASSETS TO JOINT FINANCING OF DEVELOPMENTAL PROJECTS AND TO THE PROTECTION AND ACCESSIBILITY OF ARAB INVESTMENTS IN THE EC.

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5. THE FINANCE GROUP HAS NOT REACHED ANY CONCLUSIONS OR DECISIONS. IT HAS RECOMMENDED TO THE "GENERAL COMMITTEE" THAT A WORKING GROUP BE SET UP TO STUDY EC-ARAB INVESTMENT POLICIES, ESPECIALLY TO SAFEGUARD INVESTMENTS AGAINST NON-COMMERCIAL RISKS SUCH AS EXPROPRIATION. THE ARABS ALSO WANT EXEMPTION FROM MEMBER STATE TAX WITHHOLDING REQUIREMENTS. THE EC HAS

SOUGHT RECIPROCAL TREATMENT FOR ITS INVESTMENTS SUCH AS ARRANGEMENTS TO ARBITRATE DISPUTES INVOLVING EUROPEAN INVESTMENTS IN ARAB COUNTRIES, BUT THE ARABS HAVE REJECTED THIS ON THE GROUNDS THAT THEIR DIFFERENT LEVEL OF DEVELOPMENT SHOULD EXEMPT THEM FROM RECIPROCITY.

6. THE ARABS ALSO WANT TO ESTABLISH A EURO-ARAB FUND TO FINANCE DEVELOPMENT PROJECTS. A LIST OF PROPOSED PROJECTS HAS BEEN SUBMITTED WHICH THE EC IS CURRENTLY REVIEWING. THESE PROJECTS NUMBER OVER 50; ARE MAINLY IN THE AGRICULTURE, INDUSTRY AND TRANSPORTATION AREAS; AND PRIMARILY INVOLVE MORE THAN ONE ARAB COUNTRY. THIS FUND WOULD BE IN ADDITION TO WHAT THE EC PLANS TO PROVIDE TO A FEW ARAB COUNTRIES THROUGH THE EUROPEAN DEVELOPMENT FUND AND EUROPEAN INVESTMENT BANK. POSSIBLE ASSISTANCE WOULD BE DIRECTED PRIMARILY TO ARAB COUNTRIES WHICH WOULD NOT RECEIVE AID THROUGH OTHER EC SOURCES. COMMISSION OFFICIALS TELL US THERE IS LITTLE CHANCE THAT THE EC WILL SUBSTANTIALLY INCREASE ITS ASSISTANCE TO ARAB COUNTRIES IN THE FORESEEABLE FUTURE. INSTEAD, THE EC WILL EMPHASIZE TRAINING AND THE TRANSFER OF TECHNOLOGY.

7. THE EC HAS ALSO PREPARED A LIST OF EUROPEAN INSTITUTIONS WHICH ARABS COULD ATTEND FOR TRAINING, ESPECIALLY IN THE ECONOMIC AND FINANCE FIELDS. THE COMMISSION ALSO PLANS TO OFFER TRAINING POSITIONS. THE EC HAS PROPOSED A JOINT STUDY ON HOW THE EUROPEAN UNIT OF ACCOUNT (A MARKET BASKET OF EC CURRENCIES) MIGHT BE USED IN ARAB COUNTRIES FOR KEEPING THE ACCOUNTS OF FOREIGN EXCHANGE AND TRANSACTIONS. THE ARABS ARE STUDYING THIS PROPOSAL.

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8. THE ARAB SIDE PROPOSED THAT THE GROUP DISCUSS THE REFORM OF THE INTERNATIONAL MONETARY SYSTEM AND THE DETERIORATION OF THEIR TERMS OF TRADE. IN LIGHT OF THE INCREASE OF OPEC FOREIGN EXCHANGE RESERVES, THE ARABS ALSO ASKED THAT THEIR ROLE IN INTERNATIONAL MONETARY MATTERS BE INCREASED. THE EC PUT ASIDE THESE SUBJECTS, SAYING THAT THEY WERE BEYOND THE FINANCE GROUP'S COMPETENCE.

9. TRADE: IN THIS AREA TOO, THERE WAS A MARKED CHANGE IN THE ARAB POSITION BETWEEN THE ROME MEETING AND THAT OF ABU DHABI. AT ROME THE MAGHREB AMBASSADORS FOCUSED ON USING THE DIALOGUE TO SLOW DOWN THE CONCLUSION OF BILATERAL ARRANGEMENTS BETWEEN THE EC AND INDIVIDUAL ARAB STATES. AT ABU DHABI THE GULF OIL PRODUCERS

(EXCEPT SAUDI ARABIA) TOOK A MORE FORCEFUL ROLE PUSHING THE LINE THAT ARAB ACCESS TO COMMUNITY MARKETS WAS THE MOST IMPORTANT ARAB GOAL.

10. THE MAIN ARAB GOALS CAN BE SUMMARIZED AS FOLLOWS: UNRESTRICTED ACCESS TO COMMUNITY MARKETS, STABILIZATION OF ARAB EXPORT EARNINGS, GUARANTEES AGAINST FLUCTUATIONS IN THE TERMS OF TRADE (INDEXATION), AND VARIOUS MEASURES RELATING TO TRADE PROMOTION, EXPORT CREDITS, ETC. THE ARAB DEMANDS ENVISION SECURING A COLLECTIVE SPECIAL PREFERENTIAL AGREEMENT BETWEEN THE NINE AND THE TWENTY, PROVIDING FOR PREFERENTIAL ACCESS TO THE EC, BUT NO RECIPROCITY, AT LEAST IN THE BEGINNING.

11. THE COMMUNITY IS UNABLE TO AGREE TO SUCH A FORMULA, BUT A HEAD-ON CLASH WAS AVOIDED AND THE COMMUNITY HAS AGREED TO TAKE THE ARAB POSITIONS UNDER ADVISEMENT.

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R 151820Z JAN 76

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 305

INFO ALL EC CAPITALS 1542

AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY AMMAN

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA  
AMEMBASSY RABAT  
AMEMBASSY TUNIS  
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12. INFRASTRUCTURE: THIS WAS ONE OF THE MOST SUCCESSFUL GROUPS, WITH BOTH SIDES HAVING DONE THEIR HOMEWORK. IT WAS POSSIBLE TO ADOPT WITHOUT DIFFICULTY AN ARAB PAPER GIVING PRIORITY TO TRANSPORTATION AND TELECOMMUNICATIONS. AS AT ROME, THE ARABS WERE PREPARED TO ASSUME THE FINANCIAL BURDEN BUT EXPECTED AN EC CONTRIBUTION DURING THE PLANNING STAGE. IT WAS DECIDED, AD REFERENDUM, THAT THE INFRASTRUCTURE SUB-GROUP WOULD LIMITED OFFICIAL USE

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MEET DURING MARCH.

13. AGRICULTURE AND RURAL DEVELOPMENT: IN THIS FIELD THE DIALOGUE HAS MADE SOME SPECIFIC PROGRESS. AT CAIRO THE EUROPEANS ENCOURAGED THE ARABS TO DEVELOP A COHERENT POLICY CONSISTENT WITH THE WORLD FOOD CONFERENCE. AT ABU DHABI THERE WAS AGREEMENT THAT FOUR PROJECTS SHOULD RECEIVE PRIORITY TREATMENT:

-- GENERAL AGRICULTURAL DEVELOPMENT IN THE SUDAN

-- MEAT PRODUCTION IN THE SUDAN

-- INCREASED AGRICULTURAL PRODUCTIVITY IN SYRIA

-- DEVELOPMENT OF THE JUBA RIVER VALLEY IN SOMALIA

IN ADDITION TO THE ABOVE, THE ARAB SIDE PRESENTED SOME TWENTY ADDITIONAL PROJECTS FOR CONSIDERATION AT A LATER DATE.

14. THE GROUP DECIDED THAT AN EC TEAM WOULD GO TO KHARTOUM, PROBABLY AT THE END OF JANUARY 1976, TO CONTINUE DISCUSSIONS ON THE FOUR PRIORITY PROJECTS.

15. THE COMMISSION REPORT NOTES THAT AT ABU DHABI IT WAS POSSIBLE TO LIMIT THE DISCUSSION OF FINANCING THESE ACTIVITIES. THIS IS A FAVORITE ARAB SUBJECT, HOWEVER, AND IT WILL NOT BE POSSIBLE TO PUT IT OFF INDEFINITELY.

16. SCIENCE AND TECHNOLOGY: THE COMMISSION PAPER ON THIS SUBJECT PAINTS A FARLY DISMAL PICTURE SUGGESTING IT HAD NOT BEEN POSSIBLE FOR THE NINE TO AGREE PRIOR TO ABU DHABI TO COOPERATE WITH THE ARABS ON MANY OF THE SUBJECTS MENTIONED AT ROME (E.G. SOLAR ENERGY, GEOTHERMAL ENERGY). THERE WAS, HOWEVER, AN ARAB DOCUMENT THAT CONSTITUTED THE BASIS FOR DISCUSSION AND THERE WAS AN EXCHANGE OF VIEWS ON THE EDUCATION AND TRAINING OF ARAB PROFESSIONALS, INCLUDING THE ESTABLISHMENT OF AN ARAB TECHNOLOGICAL INSTITUTE; LIMITED OFFICIAL USE

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JOINT RESEARCH PROJECTS; THE CREATION OF JOINT RESEARCH CENTERS WHICH INTER ALIA COULD CONSIDER THE USE OF NUCLEAR ENERGY FOR PEACEFUL PURPOSES, INCLUDING AGRICULTURAL RESEARCH.

17. CULTURAL, SOCIAL AND LABOR: THE LABOR SUB-GROUP EXAMINED ARAB TEXTS ON THE TREATMENT OF MIGRANT WORKERS AS WELL AS A FACT SHEET ON THAT SUBJECT PREPARED BY THE COMMISSION. THE ARAB SIDE (HEADED BY AN ALGERIAN) INDICATED THAT IT HAS, AS ITS ULTIMATE GOAL, NEGOTIATION OF A CONVENTION ON THE TREATMENT OF ALL ARAB MIGRANT WORKERS IN THE COMMUNITY. THE EUROPEAN SIDE ATTEMPTED TO DEMONSTRATE THAT THE MIGRANT WORKER ISSUE IS ESSENTIALLY CONFINED TO THE MAGHREB COUNTRIES AND IS THEREFORE NOT AN APPROPRIATE SUBJECT FOR THE DIALOGUE AS A WHOLE. THIS ISSUE IS UNRESOLVED AND WILL BE PURSUED AT THE NEXT MEETING. IN THE AREA OF PROFESSIONAL TRAINING THE EUROPEAN SIDE PROPOSED THAT IT PROVIDE TECHNICAL ASSISTANCE FOR THE TRAINING OF A TEACHING CADRE.

18. THE CULTURAL GROUP DECIDED TO ADOPT AN ARAB IDEA TO PREPARE A TRILINGUAL CATALOGUE OF CULTURAL AND SCIENTIFIC INSTITUTIONS FOR THE USE OF THE SCIENTIFIC AND ACEDOMIC COMMUNITIES. THE EUROPEAN SIDE IS SKEPTICAL ABOUT THE VALUE OF SUCH A LISTING. THE GROUP ALSO DISCUSSED SEMINARS ON THE IMPACT OF THE ARAB AND EUROPEAN CIVILIZATIONS ON EACH OTHER AND THE TEACHING OF ARAB HISTORY IN EUROPE; A EUROPEAN PROPOSAL FOR THE USE OF TELEVISION TO COMBAT ILLITERACY IN THE ARAB WORLD (TO WHICH THE EUROPEANS FEAR THE ARABS WERE NOT PARTICULARLY RECEPTIVE); AND EXCHANGES AMONG YOUTH AND SPORTS GROUPS. GREEWALD

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## Message Attributes

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